

**FORTY-SECOND JUDICIAL DISTRICT--
JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana**

**Financial Statements with
Accountant's Agreed-upon Procedure Report**

For the Year Ended June 30, 2012

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
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As of and for the Year Ended June 30, 2012

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Independent Accountant's Review Report CERTIFIED PUBLIC ACCOUNTANT

To the Honorable Judges of the
Forty-second Judicial District Court
Mansfield, Louisiana

I have reviewed the accompanying financial statements of the governmental activities and the major fund of the Forty-second Judicial District – Judicial Expense Fund as of and for the year ended June 30, 2012, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents.

A review includes primarily applying procedures to management's financial data and making inquiries of the management of the Forty-second Judicial District--Judicial Expense Fund. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The Judicial Expense Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information, on pages 4 through 7, and 25 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and accordingly, I do not express an opinion or provide any other form of assurance on such supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated December 26, 2012, on the results of our agreed-upon procedures. Also presented as required is the Louisiana Attestation Questionnaire.

Deborah D. Dees, CPA

Mansfield, Louisiana
December 26, 2012

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana

Management's Discussion and Analysis
For the Year Ending June 30, 2012

This section of the Forty-second Judicial District - Judicial Expense Fund's (the Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the year ending June 30, 2012. We encourage readers to consider the information presented here in conjunction with the Fund's basic financial statements and supplementary information in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Forty-second Judicial District - Judicial Expense Fund's net assets increased by \$580 or 0.30% during the year ended June 30, 2012.

The Fund's revenues of \$427,477 for the year ending June 30, 2012, are a 15.27% increase from \$370,842 for the year ended June 30, 2011.

During the year ended June 30, 2012, the Fund had expenses of \$426,897, including depreciation, compared to \$388,077 in the year ended June 30, 2011. This reflects an increase of 10.00% during the year ended June 30, 2012.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include 1) government fund financial statements, 2) government-wide financial statements and 3) notes to the financial statements. The two types of financial statements present the Fund's financial position and results of operations from differing perspectives. A reconciliation is provided to facilitate the comparison between the governmental fund statements and the government-wide statements. The components of the financial statements are described below:

Fund Financial Statements

Fund financial statements provide detailed information regarding the Fund's most significant activities and are not intended to provide information for the Fund as a whole. Funds are accounting devices that are used to account for specific sources of revenues. Our funds are limited to its *general fund*, which is classified as a Governmental Fund. The *general fund* uses a modified accrual basis of accounting that focuses on near-term inflows, outflows, and balances of spendable resources. Assets reported by the *general fund* are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets. Unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

Government-Wide Financial Statements

The *government-wide financial statements* report information about the Fund as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. The *statement of net assets* presents information of all the Fund's assets and liabilities, with the difference between the two reported as net assets. Overtime, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating. The *statement of activities* presents information showing how the net

assets changed during the most recent period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Fund adopts an annual budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net assets may serve over time as a useful indicator of the Judicial Expense Fund's financial position. The Fund's total net assets changed from a year ago, increasing from \$193,356 to \$193,936. The largest portion of the Fund's net assets, \$161,440 (83.24%) as of June 30, 2012, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

The Fund continues to maintain a high level of liquidity with \$220,360 (136.5%) of the Fund's unrestricted net assets invested in demand deposits with various financial institutions as of June 30, 2012. Accounts receivable decreased 29.76% from \$17,249 to \$12,115. Accounts payable increased 6.17% from \$66,905 to \$71,035. At June 30, 2012, \$32,496 (16.76%) of the Fund's net assets reflects capital assets with a historical cost of \$173,767 and accumulated depreciation of \$141,271.

A summary of the Statement of Net Assets is below:

| ASSETS | Governmental Activities | |
|------------------------------|-------------------------|-------------------|
| | June 30, 2012 | June 30, 2011 |
| Cash and cash equivalents | \$ 164,529 | \$ 114,526 |
| LAMP account | 55,831 | 80,762 |
| Receivables | 12,115 | 17,249 |
| Capital assets, net | 32,496 | 47,724 |
| Total Assets | <u>\$ 264,971</u> | <u>\$ 260,261</u> |
| | | |
| LIABILITIES | | |
| | June 30, 2012 | June 30, 2011 |
| Accounts payable | \$ 71,035 | \$ 66,905 |
| Total Liabilities | <u>\$ 71,035</u> | <u>\$ 66,905</u> |
| | | |
| NET ASSETS | | |
| | June 30, 2012 | June 30, 2011 |
| Investment in capital assets | \$ 32,496 | \$ 47,724 |
| Unrestricted | 161,440 | 145,632 |
| Total Net Assets | <u>\$ 193,936</u> | <u>\$ 193,356</u> |

An analysis of the government-wide Statement of Activities is presented as follows:

| | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|-----------------------------------|--|--|
| Program Revenues | \$ 427,114 | \$ 370,036 |
| General Revenues | 363 | 806 |
| Total Revenues | 427,477 | 370,842 |
| Expenses: | | |
| Administrative | 103,885 | 96,027 |
| FINS | 24,170 | 22,156 |
| Probation | 275,708 | 247,492 |
| Restitution | 23,134 | 22,402 |
| Total Expenses | 426,897 | 388,077 |
| Increase/(Decrease) in Net Assets | 580 | (17,235) |
| Net Assets beginning | 193,356 | 210,591 |
| Net Assets ending | \$ 193,936 | \$ 193,356 |

As the accompanying presentation demonstrates, the Fund has increased its reserves by \$580 or 0.30% at June 30, 2012. Approximately 92% (\$393,664) of the Fund's total revenues were derived through charges for services compared to 91% (\$338,600) in the year ended June 30, 2011.

The Fund received \$33,450 (8%) and \$31,436 (8%) of its total revenues from Louisiana state FINS grant during the years ended June 30, 2012, and June 30, 2011, respectively.

FINANCIAL ANALYSIS OF THE FUND'S FUND

For the year ended June 30, 2012, differences between the government-wide presentation and the fund financial statements were due to depreciation changes associated with capital assets.

BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Fund complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Fund's budget was amended during the year ended June 30, 2012. The actual revenues were \$963 below the budgeted amounts and actual expenditures were \$3,968 or 1% more than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The Fund did not acquire any new capital assets during the year ended June 30, 2012.

DEBT ADMINISTRATION

For the year ended June 30, 2012, there was no debt activity and no debts are outstanding at year-end.

ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

For the fiscal year ending June 30, 2012, the following factors were considered when the budget was prepared:

- General and program revenues will remain consistent with the prior year.
- Other expenditures are expected to remain steady with the prior year.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Forty-second Judicial District – Judicial Expense Fund, DeSoto Parish, Louisiana, and seeks to demonstrate the Judicial Expense Fund's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Judge Robert Burgess or Judge Charles Adams, P. O. Box 1299, Mansfield, Louisiana, 71052.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
STATEMENT OF NET ASSETS
June 30, 2012

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 164,529 |
| LAMP deposits | 55,831 |
| Receivables | 12,115 |
| Capital assets (net) | <u>32,496</u> |
| TOTAL ASSETS | \$ <u>264,971</u> |
| LIABILITIES | |
| Accounts, salaries, and other payables | \$ 33,347 |
| Due to DeSoto Parish Sheriff | 36,688 |
| Victim restitution payable | <u>1,000</u> |
| TOTAL LIABILITIES | \$ <u>71,035</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | \$ 32,496 |
| Unrestricted | <u>161,440</u> |
| TOTAL NET ASSETS | \$ <u><u>193,936</u></u> |

STATEMENT B

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

STATEMENT OF NET ASSETS

For the Year Ended June 30, 2012

| | Expenses | Charges for Services | Program Revenues | | Net (Expenses) Revenues and Change in Net Assets |
|-------------------------------|-------------------|-------------------------|--|-------------------------------------|--|
| | | | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | Governmental Activities |
| Governmental Activities: | | | | | |
| Administrative | \$ 103,885 | \$ 239,058 | \$ - | \$ - | \$ 135,173 |
| Probation | 275,708 | 127,323 | - | - | (148,385) |
| FINS | 24,170 | - | 33,450 | - | 9,280 |
| Restitution | 23,134 | 27,283 | - | - | 4,149 |
| Total Governmental Activities | <u>\$ 426,897</u> | <u>\$ 393,664</u> | <u>\$ 33,450</u> | <u>\$ -</u> | <u>\$ 217</u> |
| | | | | | |
| General Revenues: | | | | | |
| Interest income | | | | | 263 |
| Miscellaneous income | | | | | 100 |
| Total General Revenues | | | | | <u>363</u> |
| | | | | | |
| Change in Net Assets | | | | | 580 |
| | | | | | |
| Net Assets Beginning | | | | | 193,356 |
| Net Assets Ending | | | | | <u>\$ 193,936</u> |

See the accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

STATEMENT C

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
BALANCE SHEET, GOVERNMENTAL FUNDS
June 30, 2012

| ASSETS | GOVERNMENTAL ACTIVITIES |
|--|------------------------------------|
| Cash and cash equivalents | \$ 164,529 |
| LAMP deposits | 55,831 |
| Receivables | <u>12,115</u> |
| TOTAL ASSETS | \$ <u>232,475</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities | |
| Accounts, salaries, and other payables | \$ 33,347 |
| Due to DeSoto Parish Sheriff | 36,688 |
| Victim restitution payable | <u>1,000</u> |
| Total Liabilities | <u>71,035</u> |
| Fund Balances: | |
| Assigned | |
| FINS | 22,515 |
| Probation | 118,528 |
| Unassigned | <u>20,396</u> |
| Total Fund Balances | <u>161,439</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>232,475</u> |

STATEMENT D

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | |
|--|------------|
| Total Fund Balances for Governmental Funds (Statement C) | \$ 161,439 |
|--|------------|

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds. Those assets consist of:

| | |
|---|---------------|
| Furniture, fixtures and equipment (\$173,767), net of \$141,271 in accumulated depreciation | <u>32,496</u> |
|---|---------------|

| | |
|---|-------------------|
| Total Net Assets of Governmental Activities (Statement A) | <u>\$ 193,936</u> |
|---|-------------------|

STATEMENT E

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

| | GENERAL FUND |
|---|-------------------|
| Revenues: | |
| Bond fees, forfeitures, and court costs | \$ 239,058 |
| Restitution collected | 27,283 |
| Probation and related fees | 127,323 |
| Intergovernmental: | |
| Grant - State FINS | 33,450 |
| Miscellaneous | 100 |
| Interest earnings | 263 |
| | <hr/> |
| Total Revenues | 427,477 |
| | <hr/> |
| Expenditures: | |
| Current: | |
| Administrative | |
| Personnel and related benefits | 35,562 |
| Operating and administrative | 53,096 |
| Probation | 275,708 |
| FINS | 24,170 |
| Restitution paid to others | 23,134 |
| Capital outlays | - |
| | <hr/> |
| Total Expenditures | 411,670 |
| | <hr/> |
| Excess (Deficiency) of Revenues over Expenditures / Net change in Fund Balance | 15,807 |
| | <hr/> |
| Fund balance, beginning of year | 145,632 |
| Fund balance, end of year | \$ <u>161,439</u> |

STATEMENT F

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | |
|--|-----------------|
| Net Change in Fund Balances- Total Governmental Funds (Statement E) | \$ 15,807 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) is less than depreciation (\$15,227) in the current period. | <u>(15,227)</u> |
| Change in Net Assets of Governmental Activities (Statement B) | \$ <u>580</u> |

NOTES TO THE FINANCIAL STATEMENTS

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2012

INTRODUCTION

The Forty-second Judicial District – Judicial Expense Fund (the Fund) was created by LSA-RS 13:996.65. The purpose of the fund is to provide sufficient funding to expedite efficient operation of the court. In general, the fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration of the court.

The Forty-second Judicial District Court (the District) was created by LSA-RS 13:477(42). The District is comprised of DeSoto Parish with the courthouse and judges offices in Mansfield. The District's purpose is general jurisdiction judgeship for the approximately 26,400 people in the parish. The voters of the parish elect the two judges of the District to six-year terms. There are no full-time employees paid by the Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Forty-second Judicial District – Judicial Expense Fund have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The Judicial Expense Fund's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. GAAP, as applicable to governments, also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the industry guide, *Audits of State and Local Government Units*, published by American Institute of Certified Public Accountants.

The Judicial Expense Fund's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the Forty-second Judicial District – Judicial Expense Fund includes all funds that are within the oversight responsibility of the Forty-second District Court. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the Forty-second Judicial District – Judicial Expense Fund is deemed to be a separate reporting entity.

C. Fund Accounting

The Judicial Expense Fund uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Judicial Expense Fund functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting / Measurement Focus

Basis of accounting refers to when revenues or expenditures/expenses are recognized in accounts and reported in the financial statements. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

Government-wide financial statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include a) fees and charges paid by the recipient for goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Revenues, expenses, gains and losses resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements.

The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The major fund of the Judicial Expense Fund is described as follows:

General Fund – The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources at the end of the period. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. The cash includes amounts in time deposits and investments with original maturities of 90 days or less as cash equivalents. Under state law (LSA R.S. 33:2955), the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Judicial Expense Fund may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

F. Receivables / Payables

Receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include fines and bond forfeitures. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

Payables consist of necessary and ordinary expenses of the Fund. Due to the Sheriff is probation officer salary reimbursements payable.

G. Capital Assets

Capital Assets which include computer and office equipment and furniture and fixtures are reported in the government-wide financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to ten years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of net assets. The Judicial Expense Fund maintains a threshold level of \$1,000 or more for capitalizing capital assets for reporting purposes.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Capital assets and depreciation expenses are reported in the Statement of Net Assets and Statement of Activities. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the Fund upon acquisition.

Assets purchased under the FINS Grant Program are currently being accounted for by the Forty-second Judicial District – Judicial Expense Fund. However, under the provisions of the Grant contracts the assets are the property of the State of Louisiana. The State of Louisiana has instructed the Forty-second Judicial District – Judicial Expense Fund to maintain control and ownership. The State of Louisiana, Office of Social Services retains reversion rights in those assets.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Equity Classifications

Net Assets

In the government-wide statements, equity is classified as net assets. Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

- *Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition of those assets. There was no debt attributable to these fixed assets as of June 30, 2012.
- *Restricted* – This component of net assets consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Balances

In the fund statements, governmental fund equity is classified as fund balance. Beginning with fiscal year ending June 30, 2011, the Judicial Expense Fund implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – Amounts that are not in spendable form (such as prepaid expenses) because they are legally and contractually required to be maintained intact.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained by the Judicial Expense Fund itself. To be reported as committed, amounts cannot be used for any other purpose unless the Judges take the action to remove or change the constraint.
- *Assigned* – Amounts the Judicial Expense Fund intends to use for a specific purpose. Intent can be expressed by an official or body to which the governing body delegates the authority.
- *Unassigned* – All amounts not included in other spendable.

The Expense Fund would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2012

2. CASH

At June 30, 2012, the Forty-second Judicial District – Judicial Expense Fund has cash (book balances) totaling \$220,360.

| | | |
|----------------------------------|----|----------------|
| Interest bearing demand deposits | \$ | 142,014 |
| Demand deposits | | 22,515 |
| LAMP | | 55,831 |
| | \$ | <u>220,360</u> |

The cash of the Forty-second Judicial District – Judicial Expense Fund is subject to the following risks:

Custodial Credit Risk: Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

At June 30, 2012, the Forty-second Judicial District – Judicial Expense Fund has \$162,728 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Cash held at June 30, 2012, also includes \$55,831, invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is not registered with the SEC as an investment company, but is subject to the regulatory oversight of the state treasurer and the board of directors.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Judicial Expense Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Fund diversifies its investments by security type and institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The Judicial Expense Fund complies with Louisiana Statutes (LSA R. S. 33:2955). The investments are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP is rated AAA by Standard and Poor's.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2012

3. CAPITAL ASSETS

A summary of the Forty-second Judicial District – Judicial Expense Fund's capital assets at June 30, 2012, follows:

| <u>Governmental Activities:</u> | <u>Balance</u> <u>6/30/2011</u> | <u>Additions</u> | <u>Deletions/</u> <u>Reclassifications</u> | <u>Balance</u> <u>6/30/2012</u> |
|---|------------------------------------|------------------|---|------------------------------------|
| Capital assets, being depreciated | | | | |
| Equipment | \$ 28,363 | \$ | \$ | \$ 28,363 |
| Computers | 44,454 | | | 44,454 |
| Furniture and fixtures | 82,305 | | | 82,305 |
| Vehicles | 18,645 | | | 18,645 |
| Total capital assets, being depreciated | \$ 173,767 | \$ - | \$ - | \$ 173,767 |
| Less accumulated depreciation for | | | | |
| Equipment | \$ 23,119 | \$ 1,388 | \$ | \$ 24,507 |
| Computers | 35,307 | 3,507 | | 38,814 |
| Furniture and fixtures | 58,297 | 6,603 | | 64,900 |
| Vehicles | 9,322 | 3,729 | | 13,050 |
| Total accumulated depreciation | 126,041 | 15,227 | - | 141,271 |
| Total capital assets being depreciated, net | \$ 47,724 | | | \$ 32,496 |

Depreciation expense of \$15,227 for the year ended June 30, 2012, was charged to the following functions:

| | |
|----------------|-----------|
| Administrative | \$ 15,227 |
| Probation | - |
| | \$ 15,227 |

4. JOINT VENTURE

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officers. The fund reimbursed the Sheriff's office \$162,763.

5. LITIGATION

Management has advised that there is no litigation pending against the Forty-second Judicial District—Judicial Expense Fund at June 30, 2012.

6. EXPENDITURES OF THE JUDICIAL EXPENSE FUND PAID BY OTHERS

The accompanying financial statements do not include certain salary or administrative expenditures of the District Court paid out of the funds of the DeSoto Parish Police Jury or directly by the State.

7. SUBSEQUENT EVENTS

Management has performed an evaluation of the Judicial Expense Fund's activities through December 26, 2012, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

SCHEDULE 1

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND

For the Year Ended June 30, 2012

| | Original | Final | Actual | Budget to Actual Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| Revenues: | | | | |
| Bond fees, forfeitures, and court costs | \$ 234,222 | \$ 242,325 | \$ 239,058 | \$ (3,267) |
| Restitution collected | 24,516 | 26,625 | 27,283 | 658 |
| Probation and related fees | 73,545 | 125,675 | 127,323 | 1,648 |
| Intergovernmental: | | | | |
| Grant - State FINS | 31,436 | 33,450 | 33,450 | - |
| Miscellaneous | 464 | 100 | 100 | - |
| Interest earnings | 342 | 265 | 263 | (2) |
| Total Revenues | 364,525 | 428,440 | 427,477 | (963) |
| Expenditures: | | | | |
| Current: | | | | |
| Administrative | | | | |
| Personnel and related benefits | 9,692 | 32,660 | 35,562 | (2,902) |
| Operating and administrative | 54,115 | 44,927 | 53,096 | (8,169) |
| Probation | 240,893 | 276,600 | 275,708 | 892 |
| FINS | 22,156 | 24,170 | 24,170 | - |
| Restitution paid to others | 22,036 | 23,134 | 23,134 | - |
| Capital outlays | 4,509 | 6,210 | - | 6,210 |
| Total Expenditures | 353,400 | 407,701 | 411,670 | (3,969) |
| Excess (Deficiency) of Revenues over Expenditures /Net change in Fund Balance | 11,124 | 20,739 | 15,807 | (4,932) |
| Fund balance, beginning of year | 145,632 | 145,632 | 145,632 | - |
| Fund balance, end of year | <u>\$ 156,756</u> | <u>\$ 166,371</u> | <u>\$ 161,439</u> | <u>\$ (4,932)</u> |

**FORTY-SECOND JUDICIAL DISTRICT –JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana**

NOTE TO BUDGETARY COMPARISON SCHEDULE

As of and for the Year Ended June 30, 2012

Budgetary Information

The Forty-second Judicial District –Judicial Expense Fund's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget was amended during the year. The budget comparison schedules present the original adopted budget and the final amended budget.

Budgeted revenues do not exceed actual revenues. Actual expenditures do not exceed budgeted expenditures. The budget was amended during the year ended June 30, 2012. The Judicial Expense Fund is in compliance with the Louisiana Local Government Budget Act.

The Forty-second Judicial District –Judicial Expense Fund's follows these budget procedures:

The Chief Judge prepares a proposed budget for the fund on the modified accrual basis of accounting. Due to the uncertainties of the budgeting, at least one of the judges is involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year.

OTHER REPORTS REQUIRED BY LOUISIANA GOVERNMENTAL
AUDIT GUIDE

Independent Accountant's Report on Applying Agreed-Upon Procedures

The Honorable Judges of the
Forty-second Judicial District Court
Mansfield, Louisiana 71052

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed upon by the management of the Forty-second Judicial District Court - Judicial Expense Fund and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Forty-second Judicial District Court - Judicial Expense Fund's compliance with certain laws and regulations during the year ended June 30, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Forty-second Judicial District Court - Judicial Expense Fund is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$30,000 or public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

There were no employees listed that were also included on the listing obtained from management as immediate family members.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. The budget was amended once during the year.

6. Trace the budget adoption and amendments to the minute book.

The Judges adopted the original budget in May, 2011. It was amended once during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more if actual expenditures exceeded budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenue and expenditures. Budgeted revenues did not exceeded actual amounts by more than 5%. Actual expenditures were less than budgeted amounts. The Judicial Expense Fund is in compliance with the Louisiana Local Budget Act.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

All checks were supported by proper documentation as to proper amount and payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The payments were found to be coded to the correct fund and general ledger accounts.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from one of the judges.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:4.1 through 42:13 (the open meeting law).

Not Applicable

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected all deposits for the period under examination and found no indications of new bank loans, bonds, or like indebtedness during the year.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

In my review of the cash disbursements and payroll records for the year, I noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior-Year Comments and Recommendations

12. Review any prior-year suggestions, recommendations, and or comments to determine the extent to which such matters have been resolved

There was one findings reported for the year ending June 30, 2011 related to budgeting compliance. The matter has been resolved.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Forty-second Judicial District Court - Judicial Expense Fund and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Deborah D. Dees, CPA
Mansfield, Louisiana
December 26, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

December 11, 2012

Deborah D. Dees, CPA
122 Jefferson Street
Mansfield, LA 71052

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974

Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

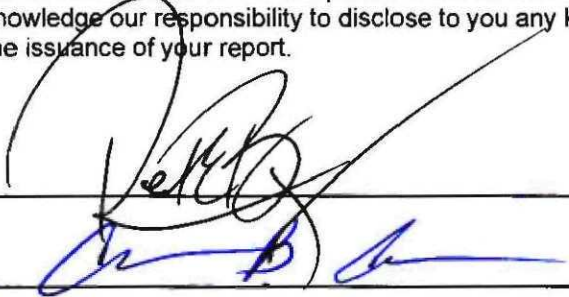
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.


Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.



Judge 12/12/12 Date



Judge 12/12/12 Date